



## THE CITY OF SAN DIEGO

August 1, 2006

Dear Interested Parties:

**SUBJECT:** Draft Affordable Housing Density Bonus Regulations Update and Request for Public Comment

This letter provides an update regarding the City of San Diego's (City) latest efforts to bring the City's Affordable Housing Density Bonus Regulations into conformance with state law. As part of this letter, the City is seeking public comment regarding the proposed revisions to the draft Affordable Housing Density Bonus Regulations.

State law requires cities in California to grant density bonuses and development incentives to residential projects when restrictions are implemented to maintain specified affordability levels. San Diego's Municipal Code includes local regulations intended to fulfill this state requirement.

Over the past three years, the state law pertaining to density bonus regulations has been amended a number of times by the California legislature with the primary purpose of increasing the supply of affordable housing in the state as well as providing clarifying language regarding the intent of the new state law. As a result of these periodic changes to the law, City staff is in the process of updating the City's Affordable Housing Density Bonus Regulations contained in the Municipal Code in order to ensure the regulations incorporate the latest changes adopted by the legislature. The draft regulations and summary of revisions can be accessed on the City's website at:  
<http://www.sandiego.gov/planning/news/index.shtml>

Staff has also included two City-initiated modifications to the draft regulations. The first modification that has been incorporated into the draft Affordable Housing Density Bonus Regulations includes providing a ten percent ministerial density bonus for projects that include the required inclusionary housing units on-site rather than paying an in-lieu fee. This type of bonus is proposed to be called the "on-site building bonus." An applicant could apply for both the state density bonus and the on-site building bonus.

The affordability and other requirements of the two programs differ and each would have to be met for the affordable units that an applicant intends to provide in accordance with these two programs. However, a maximum of 35 percent bonus from all density bonus programs (including the on-site building bonus) is allowed per state law without processing a rezone or community plan amendment to increase the allowable density on a site.

The second modification includes increasing the basic density bonus for projects that provide ten percent of the on-site units to moderate income homebuyers. The modification included in the draft regulations increases the density bonus to twenty percent rather than the five percent minimum provided for under state law. This density bonus would increase by one percent for each additional one percent of moderate income units provided up to a maximum bonus of 35 percent. The Housing Commission and the City Planning and Community Investment department believe that the density bonus provided for moderate-income ownership units in the state legislation is too limited to be used in a high cost location like San Diego. The bonus offered would not offset the cost of providing affordable units. Since cities do have the option of offering a more generous density bonus ratio than that required by the state, it is recommended that in San Diego, the basic density bonus for moderate-income projects be increased.

In conjunction with the update to the draft Affordable Housing Density Bonus Regulations, a draft supplement to Environmental Impact Report No. 96-0333 has been prepared. The public notice and the environmental document can be accessed via the City's website at: <http://clerkdoc.sannet.gov/Website/publicnotice/pubnotceqa.html>.

Staff anticipates scheduling the draft Affordable Housing Density Bonus Regulations before the City's Planning Commission for a recommendation and the City Council for a decision in early Fall 2006. The ordinances will be designed to allow implementation in areas of the City outside the Coastal Zone 30 days after the second reading of the ordinance by the City Council, while implementation in areas within the Coastal Zone will require approval of the measures by the Coastal Commission.

For further information or to provide comments, contact Lara Gates at 619/533-5458 or [lgates@sanidiego.gov](mailto:lgates@sanidiego.gov). Please submit written comments either via email or postal mail by **September 1, 2006**, to: Lara Gates, 600 B Street, MS 904, San Diego, CA 92101.

Respectfully submitted,



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City Planning and Community Investment